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WORLD-POLITICS.

LONDON : PARIS : WASHINGTON.

LONDON, April, 1908.

I GAVE up my last letter to an attempt to elucidate the education problem in England and the nature of the solution put forward by the Government. This month a question scarcely less vital to the national well-being and in some ways even more controversial has to be considered—I mean the licensing question. The Government have brought in a Licensing Bill which has aroused a veritable tornado of opposition among brewers, distillers and all who have any financial interest in the liquor trade. Four years ago Lord Rosebery declared that if the State did not control the traffic in drink, the traffic in drink would control the State. That is the fundamental issue which is now being fought out. In other forms you are already sufficiently familiar with it in the United States.

The British people spend over \$800,000,000 a year on drink. The revenue derived from it—some \$180,000,000 annually—more than floats the British navy and amounts to twenty-eight per cent. of the total revenue of the kingdom. About \$1,500,000,000 has been invested in the trade in the British Isles; over 110,000 premises are licensed for the sale of alcohol; some seven thousand registered clubs are in existence, a great many of which are simply unlicensed drinking-shops, free from any form of supervision; and the number of people who hold shares in brewery and distilling companies must run into many hundreds of thousands. Moreover, most of the saloons in this country are what is called “tied” houses. That is to say, they are owned by the brewing or distilling companies, whose influence thus finds a local rallying-point in every town and village in the land.

Now it is clear that the attitude of the State towards a business

so huge, so pervasive, so militant, so intimately related to the social life of the people, and so productive of revenue, must always be a matter of supreme importance. In Great Britain, as everywhere else, there is no free trade in the sale of intoxicants. Sale is only permitted by license, the number of licenses is limited, their duration is confined to twelve months, and at the end of the year they must all be renewed. No holder of a license possesses a legal right to have it renewed. Renewal may be refused at the discretion of the local licensing justices (subject to appeal to quarter-sessions) for various reasons—*e. g.*, if the saloon has been improperly conducted or if there are too many of them in the district. I think there is no question that the legislature intended licenses to be the property of the State, liable to termination at the end of any twelve months, and that in point of law the license-holder has no vested interest in his license beyond the period of one year. The point has, indeed, been definitely established more than once by judicial decisions. On the other hand, the license-holder has the reasonable expectation that his license will be renewed unless on grounds of gross misconduct. And this “reasonable expectation” has naturally developed a monetary value. The licensing justices have hesitated to cancel licenses. They have been inevitably reluctant to take away a man’s livelihood. The result is that a well-conducted saloon has had little or nothing to fear from the annual formality of renewing its license. Moreover, the State by levying death duties on licensed premises on the basis of the license being a continuing possession; the local authorities by proceeding on the same assumption in the matter of assessments; and the courts of law by protecting the rights of those interested in the reversion or remainder of a license—have all shown that the expectation of renewal is all but a certainty.

And in this expectation, which is all but a certainty, many millions of pounds have been invested. The brewers, as I have said, have acquired control of the licensed premises, often at extravagant prices, and they figure of course among the assets of the brewing companies. Thus the situation has become immensely complicated by the fact that a vast army of shareholders has at this moment a direct pecuniary interest in regarding licenses, not as annual privileges, which is their proper legal status, but as permanent grants. An enormous amount of capital

has been staked on what I have called the "reasonable expectation" that licenses would be renewed. It is easy enough to say that the money should never have been so invested, that the law was perfectly clear, and that those who insisted on treating a probability as an unqualified certainty were simply gambling and cannot complain if they are now to suffer the consequences of their rashness. But as a matter of fact no Government can ignore these thousands upon thousands of innocent investors who have put down their money, for the most part, in ignorance of the facts, without looking into the pros and cons of a very intricate question, and blindly following the financial fashion of the moment. Their presence has had two important results. It has rallied a powerful body of opinion to the view that a license, instead of being an annual tenure, is virtually a freehold and has thus made any drastic remedy by the State politically impossible. Secondly, it has had the effect of popularizing the notion that compensation should be provided for every license that is extinguished.

As a consequence of these various factors it has come about that the State has practically parted with its control of the liquor traffic. It has issued annual licenses at a very low rate of duty. These annual licenses have acquired a high value principally because their prospect of renewal has been very good. They have changed hands and been bought and sold at prices which were the equivalent of a freehold and monopoly value. But from these increased prices the State has derived nothing whatever. Issuing low-duty licenses for one year, it has had the mortification of seeing them treated by hard-headed men of business as though they were licenses for all time. It has, in short, created a vast property, largely monopolistic in character, and has handed it over without receiving in return any adequate consideration. Four years ago the Unionist Government passed a Licensing Bill which in some ways perpetuated the improvidence of the State and added to the one-sidedness of its relations with the trade. The Bill went on the principle that compensation ought to be paid in the event of a license being withdrawn for any other cause than that of misconduct; and it provided the necessary funds by imposing a graduated tax on all saloons in the district, a tax locally raised and administered. The effect of this was that the license-holder found a new security given to his property,

its value immensely increased through the extinction of rivals, and compensation provided if his license were refused renewal—all this without the State being a penny the better. The Bill was vigorously opposed by the Liberals, who made no attempt either at the time of its passage or during the general election to conceal their determination to amend it when they again found themselves in power.

This is the task to which they are now addressing themselves. It is made all the more formidable by reason of the very parlous state in which the brewery companies find themselves. Within the last ten years their shares have enormously depreciated. That is not the fault of the Government, but of the promoters. They bought up saloons at preposterous figures; they over-capitalized their companies; and they have made no adequate provision for writing down their inflated capital and the exorbitant amounts at which their precarious license values stood in their books. Moreover, people are drinking far less than they did and the conditions of the stock-market since the Boer war have depressed the values of all securities. The brewery boom is dead. I have by me a list of twenty-three of the leading companies together with the price of their shares ten years ago and to-day. The list shows that in the last decade the value of the shares in these twenty-three companies has fallen, on an average, slightly over sixty per cent. The brewers feel that if, on the top of all this, the State is now to begin harassing them and is to resume its control over the licenses that at present figure among the most imposing assets in their balance-sheets, then ruin and a wide-spread crash are inevitable. It is, of course, obvious that rigorous financial reconstruction and a resolute writing down of capital can alone restore the market in brewery shares to its old position. At the same time the immensity of the interests involved and the undoubted certainty that too stern a policy would reduce a large number of shareholders to penury or something near it, have made it necessary for the Government to deal as tenderly as possible with vested interests and to recognize the claims of equity on a liberal scale.

The Licensing Bill which they have brought forward is an extremely intricate and technical measure, but its two main objects are clear. First, the Bill seeks to provide for an immediate and compulsory reduction in the number of licenses.

Henceforward, roughly speaking, there is to be not more than one saloon to 750 people in towns and to 400 people in the country. Secondly, the Bill provides for the gradual but complete recovery by the State of those rights in the monopoly of the drink traffic with which it should never have parted. It effects this by imposing a time-limit of fourteen years, after which compensation shall cease to be payable for any extinction of old licenses, and all applications for renewals shall be treated as though they were applications for new licenses and only issued on the basis of their full monopoly value. The Bill has other aims as well. It establishes, for instance, with regard to new licenses the right of localities to exercise a veto. It proposes a more effectual system of supervision over clubs in order that the extinction of the saloons may not be multiplied by the growth of unlicensed and unregulated drinking dens. It empowers the licensing authorities to exclude children from saloons, to prohibit the employment of barmaids, and to order the closing of saloons on Sundays and election days. It provides, too, that while the compensation fund is to continue during the next fourteen years to be drawn as at present from the trade, the methods of assessment are to be changed so that its benefits may be distributed on a fairer and more uniform scale. But these provisions, while extremely important, are of little significance by the side of the two main purposes of the Bill: to reduce the number of licenses—Mr. Asquith hopes to wipe out thirty thousand—and to recover for the State after a period of fourteen years its full control over the drink traffic.

I find it difficult to convey a true idea of the positive fury with which the trade has assailed the Bill. They denounce it as a piece of confiscatory fanaticism. They warn the public that if it passes, no property of whatever kind will be secure. They stigmatize the proposed time-limit, which, after all, merely requires the trade to find an annual sinking-fund of about five per cent. of the total value of the beer and spirits sold in the saloons, as unblushing robbery. The means they have employed to excite prejudice against the measure have, I confess, astounded me by their impudence and audacity. To meetings and pamphlets and newspaper articles and every instrument of legitimate propagandism no objection can be taken. That the trade should muster in force at every by-election and do all it can to

defeat the Government candidate is natural and reasonable. But when it comes to wealthy brewers trying to bulldoze the Church into resisting the Bill, threatening to cut off their subscriptions to charities if it passes, menacing tradesmen with the loss of custom and working-men with the loss of employment, wailing their hypocritical appeals on behalf of the widows and the orphans who are the misguided holders of brewery shares, and replying to every argument of national policy and of social justice and well-being with the conclusive shout, "Your beer will cost you more!"—when it comes to this, and in England it has already gone beyond it, then I think the limit of political indecency has been reached.

There has never since the Liberals came into office been the least secret of how they intended to deal with the licensing problem. The brewers have foreseen this Bill for the past two years and have prepared for it. They are splendidly organized; they have an enormous campaign fund at their disposal; with the inspiring and most honorable exception of the "*Morning Post*," all the Unionist papers are on their side; every bar and restaurant contains a flaming petition of protest which its patrons are pressed to sign; every saloon in the country is a centre of electioneering proselytism; every shareholder is adjured in circular after circular to make his voice heard. I think myself that the campaign has been too unmeasured, that it is already provoking a reaction, and that the Unionists in the House of Commons are somewhat ashamed of their irrepressible allies. But it is none the less the fact that since the Bill was introduced a Liberal majority of about two thousand in one constituency has been turned into a Unionist majority of two thousand, that the friends of the Bill are by no means so active as its enemies, and that the Government, with three first-class and highly contentious measures on their hands at the same moment, find themselves in difficulties. The Church, I am glad to say, has stood by them unflinchingly, sinking for the time all other questions in order to forward what is felt to be a cause of crucial moment, and steadfastly disregarding both the importunities and the threats of the trade. But I see, on the whole, little chance of the Bill passing in its present form. The time-limit will undoubtedly have to be extended probably to twenty-one years, and the provision for local veto may have to be sacrificed.

PARIS, April, 1908.

M. CLEMENCEAU has now been—as Minister of Interior or as Premier—nearly two years and a half in office. No European Prime Minister, not even Chancellor von Bülow, is as popular, or at least attracts as much notice in political circles. He possesses both the intelligence of the high-class journalist and the activity and energy of the political leader. In this respect he stands quite apart from the thirty or so Prime Ministers who have succeeded one another since the far-away days of the Duc de Broglie. All of his immediate predecessors viewed their responsibilities as being of the same order as those of the ornamental President, their sole superior. M. Rouvier quite rose to the occasion at the Moroccan pinch three years ago, but he soon deserted the field; M. Combes was only a bully who took good care never to stir without a Socialist bravo at his elbow; M. Waldeck Rousseau lived long enough to prove that he had been led where he thought to lead; M. Ribot was so intelligent that he never could make up his mind, and, as Jaurès finely put it the other day, in the words of an ancient, he was and still is just like the cypress, “lofty, gloomy, bearing no fruit”; M. Méline, the ex-Communist, had recanted to such an extent that he looked tame and philistine. One might go further back and only find men anxious to give the Chamber no offence and get into no scrapes.

Of a very different stamp is M. Clémenceau. While he was Minister of Interior he so gallantly took all the burden of power off his Premier's hands that the poor gentleman's name is completely forgotten, and as soon as he became the real head of the Cabinet and had his way, he fearlessly annexed the Foreign and War Offices to his own Ministry of Interior. M. Pichon and General Picquart never take a step or say a word but it is inspired by him.

The Chamber also feels the hand of a master. In the days of M. Combes a curious institution had arisen which, under the name of *Délégation des Gauches*, did duty for both Parliament and Cabinet. This unofficial but all-powerful body consisted of a certain number of representatives from the various groups in the majority who enjoined their decisions on the government and, so long as the Premier submitted to being their obedient instrument, secured him the necessary votes. This arrangement

worked with mathematical accuracy throughout the three years of M. Combes's tenure of office, but lost its force under M. Rouvier, and completely disappeared the moment M. Clémenceau took the reins. The Chamber follows a responsible chief quite as readily as a veiled committee, and if M. Clémenceau arouses occasional discontent among the deputies it is not because he is too firm and self-willed, but because he is too trenchant and positive and sarcastic.

The question now is,—has M. Clémenceau with all his talent and power achieved very tangible results; is it not rumored that his position is far from being as strong as it used to be? The present writer has repeatedly said that whenever M. Clémenceau makes up his mind to have the three great social reforms with which he came forward as Premier passed through Parliament and enacted in good earnest, he will not last another day. It is consequently needless to point out that there are no Old Age pensions, that the nationalization of the Western Railway is at a standstill, and that the Income Tax Bill might be discussed by a Schoolboy's Parliament just as well as by the Chamber. It is more than probable that not only will M. Clémenceau be out of office but the present Chamber will be at the end of its term before any of these measures is in actual operation. But it does not follow that the Premier's influence has been wasted, or that the country is still in the situation where he found it a few months after the downfall of the wonderful trio, MM. Combes, André and Pelletan.

Now it is a fact that while the defects of a *régime* in which the Chamber,—unless it is broken by a Clémenceau,—is absolute sovereign over President, Government and Senate appear more glaring every day, the public spirit, on the other hand, shows considerable improvement.

The Moroccan war is no longer a bugbear. The panic which brought M. Delcassé's resignation or dismissal would be impossible to-day. The idea that France was sinking thousands of men and billions of francs in a war waged to no purpose is still occasionally expressed by the indefatigable Jaurès or by some member of the Right restlessly in quest of something disquieting; but these scare-mongers find no echo. There is a comfortable feeling in the country that France is doing unhampered the very thing which, three years ago, would have seemed the acme

of rashness and an absurd defiance to Germany. For three years the Socialist party, voiced by M. Jaurès, spread a debasing terror among the nation by repeating on every occasion: "If you interfere in Morocco, or if you seem to lean towards an English policy, or if you do not reduce your war budget, you will offend Germany and incur the risks of a war to which the war of 1870 was only child's play." This speech never failed. The Chamber has heard it and the public read it four times within the last five months without giving any signs of alarm. Eighty million francs that M. Clémenceau wanted the other day for the continuation of the war were granted by an almost unanimous vote.

The sham humanitarianism which used to ring in all the Socialist addresses and was becoming a favorite attitude with the elementary teacher as well as with the elegant metropolitan lecturer is mercilessly derided and put down by the Premier, who, without claiming to be what is generally called a disciplined mind,—he is too much of a *frondeur* for that,—is naturally averse to all sort of cant, and the reverse of a visionary. His vigor in opposing this spirit is admirable and contagious. No amount of Socialist threatening has been able to induce him to extend an amnesty to the anti-militarists, condemned with M. Hervé. One need only contrast the tone of his answers with those made under similar circumstances by his predecessors to realize that the era of jejune professions is at an end, and that sentimentalism is fast disappearing from politics as well as from literature. The speech delivered by Clémenceau at the unveiling of Goblet's monument at Amiens was a triumph of patriotism.

The Premier's battle is chiefly with the Socialists, with their spirit and organization. The power of Jaurès during the four years in which the Bloc was at his mercy was simply unlimited, and he had taken advantage of his situation not only to press on the Bills which he favored and hold over such as did not fit into his plans, but to develop—on apparently legal bases—the most formidable institution that ever threatened the peace of a country. I have already had occasion to describe the confederacy of trades-unions known as the *General Labor Confederacy*, and to point out how easy it would be for its leading committee to carry out their menace of a general strike, if ever they should succeed in enlisting the Syndicates of State Servants. Jaurès's effort is mostly turned in that direction, and the weak-

ness or complicity of the latest Cabinets suffered a great many unions of elementary teachers and workers in the postal service to adhere to the confederacy. The men employed in the Naval arsenals, especially at Brest and Toulon, were longing to join it also, and it is probable that, had M. Pelletan remained at the head of the navy, we should have seen thousands employed in the immediate defence of the country ready to strike, under shelter of an indisputable legislative enactment. It required real courage to withstand a movement so widely spread. M. Clémenceau never flinched from what he declared from the first to be his duty, and, on at least two occasions, gave the Chamber the alternative between his giving up office and the punishment of three or four exceptionally impudent leaders.

The immediate consequences of this courageous attitude was, as might have been expected, to cow the fire-eaters in the Socialist meetings and bring them to a sense of decency. But it had another result which had been less foreseen. The old Radical party—sadly in want of a watchword since the termination of the anti-clerical campaign—were only too glad to rally round Clémenceau's patriotic colors, instead of wretchedly following in the Socialist wake, and it must be confessed that the new platform on which they are slowly finding their feet is by far the best they have known since the almost forgotten days of Gambetta and Jules Simon.

On the whole, and to put it in one word, M. Clémenceau is restoring backbone to his country, and after the hagglings and shufflings of the last fifteen years this is no mean glory.

Should the reader now ask how much of the Premier's legislative programme, solemnly read in Parliament two years ago, has become working reality, I should be obliged to give a most disappointing answer. Not one of the three or four points mentioned in the Government declaration has been gained. There is no Income Tax Law, no Old Age Pension fund, and the Western Railway is still in the hands of the company from which it was to be taken over. Plenty has been said and written concerning these measures, but nothing done. Is it the Government's or the Parliament's fault? No, it is the fault of a spirit, the greatest blemish on the present *régime*. I mean the spirit of parliamentary sham or, one might even say, of hypocrisy. The deputies light-heartedly pass impossible Acts, knowing that they

are impossible, and trusting that when they are shown to be so by the Senate, the Government will have made room for another with other Bills, or the Chamber itself will be too near re-election to mind much.

Of the immediate future of the Cabinet I can say nothing. Its great danger lies in a barefaced coalition of M. Jaurès with no other person than M. Combes, lately made public in the "*Rappel*" and the "*Humanité*." These two gentlemen will have no difficulty in enrolling many petty greeds and disappointed ambitions, and nobody can tell what may result from base intriguing in the lobby. Under the circumstances, in spite of the shortcomings I have pointed out above, Clémenceau's fall would be greatly to be deplored. It would mean the country's relapse into the bog of politics.

WASHINGTON, April, 1908.

As was anticipated, the report of the Naval Committee to the House of Representatives provides for the laying down this year of only two battleships instead of the four recommended by the Secretary of the Navy. There is a wide-spread and fervent hope not only in Washington, but also in the South and West, that the report may be amended in this particular, and that, in view of the position taken by President Roosevelt in his special message on the subject, enough Republicans will co-operate with Democrats to pass the minority report of Representative Hobson, which insists upon the four-battleship programme. The majority report evinces indifferences to our retention of the second place among the sea Powers of the world, which, for the moment, we occupy, and the appended statement evinces defective knowledge concerning the preparations making by other countries for naval expansion. The revised German scheme, lately sanctioned by the Reichstag as well as by the Bundesrath, directs that four battleships of the "Dreadnought" or of a superior type shall be begun this year and every year up to and including 1911. The Japanese, on their part, are proceeding in the same direction with great energy, and they have this marked advantage over the United States, that their shipyards can turn out a battleship of the highest class within a twelvemonth. France also is taking vigorous measures to regain, what she once possessed, the second rank among naval Powers. As for Eng-

land, not only Lord Tweedmouth, lately First Lord of the Admiralty, but Mr. Asquith, now Premier, have averred in the House of Commons that if, at the end of the present year, the Ministers find that Germany is financially in a position to carry out her revised naval programme—and she will be by means of her new loan—they will at once authorize the building of a sufficient number of first-class battleships to insure Great Britain's equality to the two next highest maritime Powers. There is no doubt that the assurance can be fulfilled, for England has incomparable facilities for building war-ships with rapidity and in large numbers. We, unluckily, cannot pretend to rival her or Japan in quickness of construction. Under all the circumstances, it seems an act of folly to cut down by one-half Secretary Metcalf's battleship programme. The only substantial plea for doing so is the alleged necessity of reducing Federal expenditure, owing to the shrinkage of the Federal revenue. The plea cannot be reconciled with the proposed huge outlay for Federal public buildings. The report is current—and patriotic Americans, who do not happen to be politicians, trust that it may prove well founded—that, if four battleships are refused in the teeth of his message to Congress, the President will veto the appropriations for public buildings. No doubt, there are enough log-rollers in the House to pass the latter bill over Mr. Roosevelt's veto, but it is scarcely credible that two-thirds of the Senate would combine for such a purpose.

Many onlookers find it hard to discern President Roosevelt's real motive for sending to Congress at this time a Special Message requesting the enactment of more rigorous laws against anarchists. The present session of Congress is fast drawing to a close and members of both Houses are impatient to adjourn, as soon as the indispensable appropriations have been made, in order to supervise primaries and conventions and to further their political interests in their respective States and Congressional districts. No new statutory impediments to immigration should be created without exhaustive debate, lest more harm than good be done, and it would probably take all the summer to assure the passage of a satisfactory measure. This, of course, must be as patent to Mr. Roosevelt as it is to members of the Federal Legislature, and it is reasonable, therefore, to interpret the Special Message about anarchists as an intimation that the Ex-

ecutive means to employ with the utmost energy all the powers already vested in it by statute for obstructing the admission of anarchists into the country, and for the expulsion of those who are already here whenever this is legally possible. As for the circulation of anarchist newspapers, there seems to be no doubt that the Federal Government is already empowered to exclude them from the mails.

Although, thanks to the influence of its promoters, the Aldrich bill providing for the issue of an emergency currency encountered no insuperable obstacle in the Senate, there has been an agreement of expert opinion that in its present form it would have no chance of being sanctioned by the House of Representatives. It is, however, a mistake to assume that the unacceptability of the Aldrich plan practically means that no measure dealing with the subject will be adopted at the present session of Congress. On the contrary, Speaker Cannon and other leading Republicans have determined to call a caucus of the members of their party for the purpose of securing a majority for the Vreeland bill, which is a reproduction of the Aldrich bill with three modifications.

The question as to what should be done by way of rejoinder to the refusal of the Caracas Government to comply with the request of our State Department that certain claims of American citizens shall be submitted to arbitration is a very delicate one, and whether Congress will authorize the President to take coercive measures is considered very doubtful. It is even doubtful whether our Executive, in spite of the rebuffs to which President Castro of Venezuela has subjected it, really desires to pursue a coercive policy. The American claims are five in number. Two of these have already been submitted to arbitration; that is to say, to mixed tribunals, one-half of whose members were designated by the United States, and the other half by Venezuela. Those tribunals threw out the two claims. Now it is quite possible that the soundness of those decisions might be impeached on review if Venezuela would consent to a second arbitration, but, as things stand, the decisions are binding on us, and we certainly cannot afford to propound the principle that whenever the judgment of arbitrators is unacceptable to one of the parties, that party is at liberty to use battleships for the purpose of procuring a rehearing of the case. A third claim is that of the New York and Bermudez Company, which has been deprived of

its property in an asphalt lake by the Venezuelan Courts. We cannot, with any show of decency, use force to compel the reference of this company's claim to arbitration, for the reason that the claimant does not come into Court with clean hands, having been proved to have spent over one hundred thousand dollars in abetting an insurrection against the Venezuelan Government. There remain two claims against which none of the objections specified applies. As to these, however, we seem to be estopped from taking violent measures in order to exact a submission of them to arbitration, for the reason that, at the second Peace Conference, our representatives at The Hague advocated the Drago Doctrine that force should never be used to bring about the settlement of contractual obligations, but that the creditors should be remitted to the Courts of the debtor country. Under all the circumstances, there seems to be nothing for our State Department to do but to express regret that Venezuela should maintain towards its best, if not its only, friend a recalcitrant and ungrateful attitude. We say ungrateful, because in 1896 we were ready to go to war to compel Great Britain to submit the definition of Venezuela's eastern boundary to arbitration.

There has been of late much talk concerning the refusal of Mr. Fisher, the American Consul-General at Harbin, to recognize any but Chinese authority within the zone traversed by the Chinese Eastern Railway, which, so far as the northern section of the line is concerned, is owned and operated by a Russian corporation. There is no doubt that, by the treaty of 1898, China not only granted a franchise to this company, but empowered it to protect its tracks with railway guards, and to issue certain administrative regulations for the maintenance of peace and order within a zone fifty versts in width. There ought, then, to be no clash of authority between Russia and China, for the regulations authorized by the treaty are not, on their face, incompatible with Chinese sovereignty. Such, at least, seems to be the view of the matter taken by Secretary Root, and we have no doubt that Consul-General Fisher was from the outset instructed, or now will be, to conform to it. That is to say, while recognizing Chinese sovereignty, he will not, as a leaseholder of premises in the Russian municipality of Harbin, refuse to comply with such regulations as are clearly sanctioned by the Russo-Chinese Treaty of 1898.